



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
PO Box 240
TRENTON, NJ 08695-0240

JON S. CORZINE
Governor

BRADLEY I. ABELow
State Treasurer

Director's Office

August 10, 2006

Dear UEZ Qualified Business,

This letter provides an update on changes made to the Urban Enterprise Zone Program and contains important information about your sales tax exemption. Please read this letter carefully and call us at (609) 292-5997 or email us at UEZ.SB@TREAS.STATE.NJ.US if you have questions.

Changes to the UEZ program, including changes to the tax exemption for the purchase of goods and materials by UEZ Qualified Businesses, were enacted as part of the NJ State Budget passed in July. The State of New Jersey sent a notice to all Qualified Businesses earlier this month explaining the changes. A copy of that notice, along with additional tax information of interest to Urban Enterprise Zone businesses, is available on the Division of Taxation's website at www.state.nj.us/treasury/taxation.

Changes to Sales Tax Exemption for Qualified Businesses

As of July 15, 2006, you can receive the sales tax exemption at the time you make your purchases **only** if you are a "Small" Qualified Business (less than \$1 million in gross receipts in your prior annual tax period). If your business had gross receipts of \$1 million or more in your prior annual tax period, you must pay the sales tax on your purchases and apply for a refund to the NJ Division of Taxation.

UZ-5-SB (Temporary) Exempt Purchase Certificates expire on September 30, 2006

As of July 15, 2006, the UZ-5 Exempt Purchase Certificates formerly used to make tax exempt purchases were eliminated. Please destroy your UZ-5 if you have not already done so.

A Temporary Exempt Purchase Certificate - the UZ-5-SB (Temporary) - was made available so that Small Qualified Businesses could continue to make purchases without paying sales tax at the point of purchase. **The UZ-5-SB (Temporary) can be used through September 30, 2006 only.**

If you are a Small Qualified Business

(Your gross receipts for your last annual tax period were less than \$1 million):

You cannot use the Temporary Exempt Purchase Certificate (UZ-5-SB Temporary) for purchases made after September 30, 2006.

To continue to be exempt from sales tax on purchases made on or after October 1, 2006, you **must** apply for an Exempt Purchase Certificate (UZ-5-SB).

Use the enclosed application to apply for your Exempt Purchase Certificate (UZ-5-SB) if your gross receipts from **all** locations of your business for your last annual tax period were less than \$1 million.

Information for completing the application and receiving your new Exempt Purchase Certificate:

- ✓ The application must be submitted to the Division of Taxation by August 31, 2006.
- ✓ The application requires you to enter the prior annual tax period's gross receipts of your business, and gives several options:

- If you are a corporation, enter the amount you reported on Schedule A, Line 1 of your 2005 NJ Corporation Business Tax Return (NJ CBT100 or NJ CBT100S).
 - If you are in a partnership, enter the amount you reported on Line 1C of your IRS 1065 submitted with your 2005 NJ Partnership Return (NJ 1065).
 - If you are a sole proprietor, enter the amount you reported on your IRS Schedule C, Part 1, Line 3 submitted with your 2005 NJ Gross Income Tax Return (NJ1040).
 - Other. If the above classifications are not applicable furnish appropriate Tax Return information.
- ✓ If you would like to have your application processed more quickly, attach a copy of your prior annual tax period's tax return showing that your prior annual tax period's gross receipts from all locations of your business were less than \$1 million.
- ✓ Be sure to use the envelope provided.

Once we have received your application, we will process the application and certify that you are a Small Qualified Business, as defined by the new law. We will then send you a personalized Exempt Purchase Certificate (UZ-5-SB). You will use this certificate to continue making purchases of goods and materials for exclusive use or consumption within the zone without paying tax at the point of purchase.

If you are NOT a Small Qualified Business

(Your gross receipts for your last annual tax period were \$1 million or more):

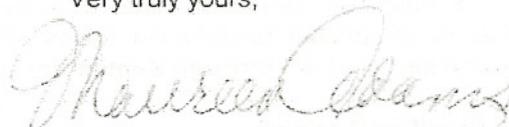
As of July 15, 2006, you are no longer entitled to the sales tax exemption at the point of purchase. However, you may apply to the Division of Taxation for a refund of the sales tax paid on the purchase of goods and materials for the exclusive use or consumption within the zone.

To insure that you receive information about the refund application process, please complete the enclosed form. Be sure to check the box signifying that your gross receipts for the prior annual tax period were \$1 million or more and that you will be applying for refunds of tax paid at the point of sale.

For More Information

For updated information please continue to check our website at: www.state.nj.us/treasury/taxation.

Very truly yours,



Maureen Adams
Acting Deputy Director
Division of Taxation

Application for Exemption from Sales Tax on Purchases of Goods and Materials for Exclusive Use or Consumption within an Urban Enterprise Zone

1. Federal Employer I.D.#: _____
2. NJ Taxpayer ID #: _____ / _____ / _____ / _____
3. Name of Business (Individual, Partnership or Corporate Name) _____
Trade Name (if any) _____
Business Address _____
City _____ State _____ Zip Code _____
E-mail Address _____
4. Contact Name _____
5. Contact Telephone Number _____
6. Contact E-mail Address _____
7. Principal Product or Service _____
8. Qualified Business Permit Number _____
9. UEZ File Number _____

Please check the following boxes that pertain to your business and enter the requested information.

- The business gross receipts from all locations of this business entity for the prior annual tax period were less than \$1 million. I am requesting that you certify the business listed above as a qualified small business and that you issue to this business a UEZ-5-SB Exempt Purchase Certificate.

The information on the tax return indicated below reflects that the gross receipts of this business for the prior annual tax period are \$ _____. These gross receipts are reported on:

- Schedule A, Line 1 of my 2005 NJ Corporation Business Tax Return (NJ-CBT100, NJ-CBT100S).
- Line 1c of my IRS 1065 submitted with my 2005 NJ Partnership Return (NJ-1065).
- IRS Schedule C, Part 1, Line 3 submitted with my 2005 NJ Gross Income Tax Return (NJ-1040)
- Other - (e.g., foreign state tax return) _____

- The business gross receipts from all locations of this business entity for the prior annual tax period were \$1 million or more. I will be applying to the Division of Taxation for refunds of any use tax and/or sales tax paid at the point of purchase for goods and materials for use or consumption exclusively within the zone.

I certify that I am authorized to complete this application; that it is true and complete; and hereby consent to the release of tax information of the applicant by the Division of Taxation to the UEZ Authority and coordinators and the New Jersey Division of Revenue.

Signature of Owner, Partner or Officer

Print or Type Name and Title

Date

Mail completed Application to the New Jersey Division of Taxation, PO Box 240, Trenton, New Jersey 08695-0240.

SEE INSTRUCTIONS ON REVERSE SIDE

**PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS FORM. PRINT OR TYPE ALL INFORMATION.
FAILURE TO PROPERLY COMPLETE THE ENTIRE APPLICATION WILL DELAY YOUR QUALIFICATION FOR THIS SALES TAX BENEFIT.**

INSTRUCTIONS

General Instructions

Retail sales of personal property (except motor vehicles and energy) and sales of services (except telecommunications and utility services) to a qualified business for the exclusive use or consumption of such business within an enterprise zone are exempt from the taxes imposed under the "Sales and Use Tax Act," P.L. 1966, c.30 (C.54:32B-1 et seq.).

Effective July 15, 2006, Chapter 34, P.L. 2006 revised the Urban Enterprise Zones Act. The purchase exemption for purchases made by the qualified business remains effective; however, procedural amendments to the law now require the sales tax to be collected on sales made to qualified businesses on and after July 15, 2006, unless the business is a "small qualified business" (annual gross receipts less than \$1 million in the prior annual tax period). For purposes of the point of sale exemption, sellers can no longer rely on the qualified business's prior exemption certificate (UZ-5). A "small qualified business" must furnish a UZ-5-SB to its vendor. A qualified business that is not a "small qualified business" must pay use tax or the sales tax at the point of purchase, and apply to the Division of Taxation for a refund within one year of the sale on forms and in accordance with procedures prescribed by the Division of Taxation.

The partial sales tax exemption (3 1/2%) offered by certified retail businesses has not been changed by this recent revision of the law.

An application must be completed annually upon application for recertification under the UEZ program.

If you should have any questions concerning this application or instructions, contact the Division of Taxation at 609-292-5997 or e-mail us at uez.sb@treas.state.nj.us.

Specific Instructions

The following instructions refer to the numbered entry items on the application.

- ITEM 1 and 2** Enter the Federal Employer Identification Number and the NJ Taxpayer ID#. If your business is such that you have not, or will not, receive a Federal Employer Identification Number or NJ Taxpayer ID #, enter the Social Security Number assigned to the single owner.
- ITEM 3** Enter the name of the business, and Trade Name, if any, as registered with the Division of Taxation and the address at which the business is located within the zone. Also provide the e-mail address of the business.
- ITEM 4** Enter the name of a person knowledgeable about the business and available for contact.
- ITEM 5** Enter the business location's telephone number where the person entered in Item 4 can be reached.
- ITEM 6** Enter the e-mail address of the contact person.
- ITEM 7** Enter the principal product your business sells or the principal service your business provides.
- ITEM 8** Enter your Qualified Business Permit Number. Leave blank if a UEZ qualified business permit number has not been received prior to submission of this application.
- ITEM 9** Enter your UEZ File Number.

All UEZ qualified businesses must check the appropriate boxes, sign, date, and mail the application in the envelope provided by the August 31, 2006 due date. The Division of Taxation can expedite the processing of your application if you attach a copy of your prior annual tax period's tax return showing that your prior annual tax period's gross receipts from all locations of your business were less than \$1 million.